# 6 FAH-2 H-220 COMPETITION IN CONTRACTING

(TL: CORH-1; 08-21-1997)

## 6 FAH-2 H-221 GENERAL

(TL: CORH-1; 08-21-1997) (State Only)

- a. The Competition in Contracting Act of 1984 (CICA), Pub.L. 98-369, requires, with limited exceptions, that Contracting Officers promote and provide for full and open competition in soliciting offers and awarding U.S. Government contracts over the simplified acquisition threshold. Maximum competition is desirable from a public perspective because, if properly administered, it results in timely delivery to the U.S. Government of quality products and services at reasonable cost.
  - b. There are three levels of competition in contracting:
  - (1) Full and open competition;
  - (2) Full and open competition after exclusion of sources; and
  - (3) Other than full and open competition.

# 6 FAH-2 H-222 FULL AND OPEN COMPETITION

- a. "Full and open competition" means that all responsible sources are permitted to compete. It is the preferred form of contracting and includes contracting by sealed bids, negotiation, and other procedures.
- b. When sealed bids or competitive proposals are selected under full and open competition, there is potentially a large universe of prospective bidders or offerors. The more bids or proposals, the greater likelihood that the U.S. Government will obtain a good "buy".

# 6 FAH-2 H-223 FULL AND OPEN COMPETITION AFTER EXCLUSION OF **SOURCES**

(TL: CORH-1; 08-21-1997)

(State Only)

Full and open competition after exclusion of sources is used when the U.S. Government excludes certain potential sources from consideration for a contract in order to establish or maintain alternative sources. The most common use occurs when an acquisition is set-aside for small businesses or for small, disadvantaged businesses through the Small Business Administration's 8(a) program.

# 6 FAH-2 H-224 OTHER THAN FULL AND OPEN COMPETITION

(TL: CORH-1; 08-21-1997)

(State Only)

Other than full and open competition is the least competitive, and therefore the least desirable, method of acquiring goods and services. Under this method, a bid or proposal is solicited from one, or very few, sources. Detailed justification and approvals at high levels in the Department are required to document the choice of other than full and open competition as a means of acquisition.

# 6 FAH-2 H-225 CIRCUMSTANCES PERMITTING OTHER THAN FULL AND OPEN **COMPETITION**

(TL: CORH-1; 08-21-1997)

- (State Only)
- Contracting without providing for full and open competition is a violation of statute unless permitted by and fully justified under one of the following statutory authorities. Examples of the appropriate application of these authorities are also provided below. The requirements for a Justification for Other than Full and Open competition (JOFOC) to support use of these authorities are in FAR 6.303 and 6.304 and DOSAR 606.303 and 606.304. Two sample JOFOCs (domestic and abroad) are shown in 6 FAH-2 225 Exhibit H-225.
- The seven exceptions listed below are the only statutory authorities available to restrict competition. Congress has deliberately made it difficult to limit competition. To invoke any of the following exceptions, the COR prepares the documentation in accordance with the requirements of the sample JOFOC. The Contracting Officer will either concur with the JOFOC and forward it to any other required individuals for approvals: or. will nonconcur with the JOFOC. If the Contracting Officer does not agree with the JOFOC, he or she will discuss his or her reasons with the COR. All JOFOCs must be prepared and submitted with the Procurement Request Package with the exception of "unusual and compelling urgency", which may be prepared after the fact.

## 6 FAH-2 H-225.1 Only One Responsible Source

(TL: CORH-1; 08-21-1997) (State Only)

- a. Citation: 41 U.S.C. 253(c)(1) and FAR 6.302-1.
- b. Applies when the required supplies or services are available from only one source.
  - c. Examples:
- (1) Items or services not available from other sources or no alternate sources were found following market survey. (A caution: The most effective proof of a lack of other sources is documented evidence of a widely advertised solicitation that drew only a single response.)
  - (2) Unique and significant industrial accomplishments by a specific firm.
  - (3) Utility services (electric power or energy, gas, water).
- (4) Existence of limited rights in data, patent rights, copyrights, or secret processes make the supplies/services available from only one source. (However, the FAR provides that the mere existence of these rights does not, in and of itself, justify use of the authority.)
- (5) Use of a "brand name" or other type of purchase description to specify a particular brand name, product or product feature, peculiar to one manufacturer regardless of the number of sources solicited.
- **NOTE**: A "brand name" purchase description differs from a "brand name or equal" description. A "brand name or equal" description permits competition from other manufacturers' products. Because competition by other manufacturers' products is permitted, a "brand name or equal" description is considered to provide for full and open competition.
- d. It is inappropriate to assume that only a single source exists. Boards and courts have determined that a Government Contracting Officer is obligated to show evidence of recent advertising (advertising in the *Commerce Business Daily* (CBD) is required domestically unless a waiver is prepared; a waiver is not prepared for acquisitions abroad as a blanket waiver has been provided by the Assistant Secretary for Administration.) When the CBD notice is not used, local advertisements and market surveys must be conducted to establish that there are not alternative sources. This authority should be used, if appropriate, in preference to the authority in FAR 6.302-7 (public interest), but should not be used if any of the other authorities apply. For contracts using this authority, the notices required by FAR 5.201 shall have been published (unless an appropriate waiver is prepared) and responses, including any bids and proposals, must be considered.

## 6 FAH-2 H-225.2 Unusual and Compelling Urgency

- a. Citations: 41 U.S.C. 253(c)(2) and FAR 6.302-2.
- b. Applies when the need for the supplies or services is of such an unusual and compelling urgency that the U.S. Government would be seriously injured, financially or otherwise, unless the Department is permitted to limit the number of sources from which it solicits bids or proposals.

- c. The JOFOC must clearly demonstrate how the Department will be severely damaged unless it limits the number of sources. This authority cannot be used if the actual reason for the urgency is either a lack of advance planning by the requirements office or because of the possible expiration of fiscal year funds.
- d. This authority requires that agencies request offers from as many potential sources as is practicable. It does not justify request of an offer from only a single source (sole source). Also, ample precedent provides that the U.S. Government shall obtain only its minimum needs under contracts awarded under this authority. For example, no option quantities or years are to be procured under this authority. Only the minimum quantity necessary to fulfill the U.S. Government's needs for the time required to resolicit under full and open competition for the longer term requirement may be contracted for.
  - e. Examples:
  - (1) Acquisitions to support disaster relief.
- (2) Acquisitions to obtain goods or services vital to the U.S. Government's interests, such as if the guard contractor suffers business failure in mid-contract (i.e., the protection of U.S. Government personnel and resources).

# 6 FAH-2 H-225.3 Industrial Mobilization or Experimental, Developmental, or Research Work

(TL: CORH-1; 08-21-1997) (State Only)

- a. Citations: 41 U.S.C. 253(c)(3) and FAR 6-3602-3.
- b. Applies when it is necessary to award the contract to a particular source or sources in order to:
  - (1) Maintain suppliers for national emergencies or industrial mobilization; or
- (2) Establish or maintain an essential engineering, research, or developmental capability by an educational or other nonprofit institution or a Federally Funded Research and Development Center (FFRDC).
  - c. Examples:
  - (1) To maintain vital facilities for national emergency.
- (2) Requirements approved for the Department of Defense Industrial Preparedness Program.
- (3) To create or maintain critical domestic capability for manufacture in the U.S. or Canada.
- (4) To train a selected supplier, prevent loss of capability, or maintain active R&D work.

## 6 FAH-2 H-225.4 International Agreement

- a. Citations: 41 U.S.C. 253(c)(4) and FAR 6.302-4.
- b. Applies when full and open competition is precluded by the terms of an international agreement or by the written directions of a foreign government reimbursing the Department for the cost of the acquisition.
- c. Example: An international agreement includes terms requiring that services to be performed or supplies to be used be from a particular firm, or authorizing the other government party to specify the source of products.

**NOTE**: Certain acquisitions made by contracting activities for other U.S. Government agencies may fall under this exception, such as certain acquisitions under Foreign Military Sales (FMS) agreements for the Department of Defense. A/OPE will assist posts in determining proper use of this authority. DOSAR 606.302-4 states that contracting activities abroad use this authority if local guard services are provided by the host country as the only available source.

## 6 FAH-2 H-225.5 Authorized or Required by Statute

(TL: CORH-1; 08-21-1997) (State Only)

- a. Citations: 41 U.S.C. 253(c)(5) and FAR 6.302-5.
- b. Full and open competition need not be provided when:
- (1) A statute expressly authorizes or requires that the acquisition be made through another agency or from a specified source; or
  - (2) The agency's need is for a brand name commercial item for authorized resale.
  - c. Example:

Required sources such as:

- (1) 8(a) procurements through the Small Business Administration (no JOFOC or approvals are required);
  - (2) Federal Prison Industries;
  - (3) Blind or severely handicapped (no JOFOC or approvals are required); or
  - (4) U.S. Government printing and binding.

## 6 FAH-2 H-225.6 National Security

- a. Citations: 41 U.S.C. 253(c)(6) and FAR 6.302-6.
- b. Applies when disclosure of the Department's needs would compromise the national security were the sources from which bids or proposals are solicited not limited. The Department shall request offers from as many potential sources as is practicable under the circumstances.

- c. This authority shall not be used merely because the acquisition is classified or because access to classified matter will be necessary to submit a proposal or to perform the contract.
- d. The Contracting Officer is required to synopsize such a proposed acquisition in the CBD unless he or she determines that the synopsis cannot be worded to preclude disclosure of the Department's needs and such disclosure would compromise the national security.

#### 6 FAH-2 H-225.7 Public Interest

(TL: CORH-1; 08-21-1997)

(State Only)

a. Citation: 41 U.S.C. 253(c)(7) and FAR 6.302-7.

- b. Applies when the head of an Executive Branch agency determines that full and open competition is not in the public interest in the particular acquisition concerned.
  - c. Limitations for Public Interest Exception:
- (1) Justification: A written Determination and Finding (D&F) to use this authority must be made in accordance with FAR Subpart 1.7 by the agency head. The D&F may not be made on a class basis, and may not be delegated. Congress must be notified in writing of such a determination not less that 30 days before award of the contract.
- (2) Approval: Any justification for a contract awarded under the authority of FAR 6.302-7, regardless of dollar amount, shall be considered approved when the D&F required above is made. Note that the D&F must be signed by the Secretary of State, and signature authority is not delegable.

# 6 FAH-2 H-226 JUSTIFICATIONS, APPROVALS, AND NOTICE REQUIREMENTS FOR OTHER THAN FULL AND OPEN COMPETITION

- a. FAR 6.303 and 6.304 and DOSAR 606.303 and 606.304 describe how to write appropriate JOFOCs. The following are instructions and formats for the collection of the necessary information, recommendations, certifications, and approvals.
  - b. Justifications:
- (1) A Contracting Officer may not commence negotiations for a sole source contract, a contract resulting from an unsolicited proposal, or award any other contract without providing for full and open competition unless he or she justifies such actions in writing, certifies the accuracy and completeness of the justification, and obtains the necessary approvals.
- (2) The COR is responsible for providing and certifying as accurate and complete data necessary to support his or her recommendation for other than full and open competition. The Contracting Officer will reject any JOFOC, which lacks the required information or certification. Inadequate documentation will be returned to the COR for

revision prior to initiation of the acquisition action. Refer to 6 FAH-2 H-225 Exhibit H-225 for a description of the required information.

c. Approvals: Refer to 6 FAH-2 H-225 Exhibit H-225 for information on approval levels. They vary slightly between domestic and overseas contracting activities. The estimated dollar value of all options shall be included in the dollar threshold to determine the approval level of a JOFOC.

# 6 FAH-2 H-225 Exhibit H-225 JUSTIFICATION FOR OTHER THAN FULL AND OPEN COMPETITION

(TL: CORH-1; 08-21-1997)

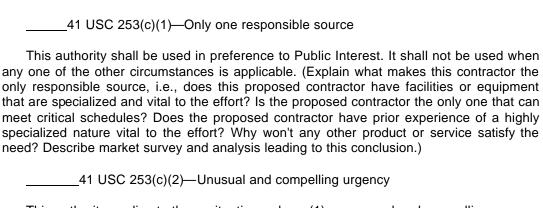
#### PART A, DOMESTIC CONTRACTING ACTIVITIES

I recommend that the Department of State use other than full and open competition for the acquisition of *[insert description of supplies or services]*. The estimated cost is *\$[insert amount]*. If this acquisition is to be made with only one source or a limited number of sources, negotiations will be conducted with *[insert name of proposed source]*.

CEF	RTIFICATION REQUIREME	INTS
REQUIREMENTS OFFICE C	ERTIFICATION	
I certify that the attached necessary to support the recomm		and contains complete data and open competition.
Requirements Office	Name	Title
Signature		Date
CONTRACTING OFFICER CERT	TIFICATION	
I certify that this submission necessary to enable other officia disapproval.		contains complete information commendation for approval or
Contracting Officer	Name	Title
Signature		Date
NATIONAL SECURITY INFORM	ATION CERTIFICATION*	
I certify that the national sec criteria set forth in Executive Orde	•	enced acquisition(s) meet the
Office	Name	Title
Signature		Date
* Only required when the DOSAR 606.302-6, National Secu		authority of FAR 6.302-6 and

THE COMPETITION IN CONTRACTING ACT OF 1984

Before requesting this procurement, check one of the statutory authorities for this procurement to be conducted under other than full and open competition procedures. Provide narrative justification associated with the respective stated authority in the space provided.



This authority applies to those situations where (1) an unusual and compelling urgency precludes full and open competition, and (2) delay in award of contract would result in serious injury, financial or other, to the Government. (Explain why the agency's need for the supplies or services is of such an unusual and compelling urgency that the Government would be seriously injured unless it limited the number of sources.) Solicitation from as many potential sources as is practicable under the circumstances is required. This authority is allowed only to fulfill minimum requirements.

\_\_\_\_\_41 USC 253(c)(3)—Industrial mobilization; or experimental, developmental, or research work

This authority applies when it is necessary to award the contract to a particular source or sources in order (1) to maintain a facility, producer, manufacturer, or other supplier available for furnishing supplies or services in case of a national emergency or to achieve industrial mobilization, or (2) to establish or maintain an essential engineering, research, or development capability to be provided by an educational or other nonprofit institution or a federally funded research and development center. (Does the proposed contractor have facilities and equipment that are vital in the event of a national emergency? Is the proposed contract to maintain properly balanced sources of supply for meeting the requirements of acquisition of programs

in the interest of industrial mobilization? Is the proposed contract to create or maintain the required domestic capability for production of critical supplies by limiting competition to items manufactured in the United States or the United States and Canada?)

\_\_\_\_\_41 USC 253(c)(4)—International agreement

This authority may be used when the acquisition is to be reimbursed by a foreign country that requires the product to be obtained from a particular firm as specified in official written direction such as a Letter of Offer and Acceptance; or, when services are to be performed, or supplies are to be used in the sovereign territory of another country and the terms of a treaty or agreement specify or limit the sources to be solicited. (Cite the international agreement or treaty between the U.S. and the foreign government or international organization. Provide the written directions of the foreign government reimbursing the agency for the cost of the acquisition.)

\_\_\_\_\_41 USC 253(c)(5)—Authorized or required by statute

This authority may be used when a statute expressly authorizes that the acquisition be made through another agency or from a specified source. (Cite the authority. Note: While this statutory exception includes the small disadvantaged business 8(a) set-aside program, a JOFOC is not required for this type of procurement.)

\_\_\_\_\_41 USC 253(c)(6)—National security

This authority may be used for any acquisition when disclosure of the Government's needs would compromise national security. It shall not be used merely because the acquisition is classified, or merely because access to classified matter will be necessary to submit a proposal or to perform the contract. (Explain why the disclosure of the Government's needs would compromise the national security or violate security requirements.) Prior written approval of INR/IL/CO is required for acquisitions that involve sensitive compartmented information. Approval of DS/CIS/IST is required for all other acquisitions that involve national security information. Contact A/OPE/CA for additional instruction.

\_\_\_\_41 USC 253(c)(7)—Public interest

This authority may be used when none of the other authorities apply. Individual justification, Secretarial approval, and Congressional notification 30 days prior to award of the contract are required.

#### JUSTIFICATION (Attach additional pages if necessary)

The justification must, at a minimum, include the following points (see FAR 6.303-2(a)):

Explain the contractor's unique qualifications or the nature of the acquisition that requires the use of the authority cited.

Describe the efforts made to ensure that offers are solicited from as many potential sources as is practicable (CBD synopsis, etc.) Analyze the results of the market survey and list the sources, which expressed an interest in the solicitation.

Include the Contracting Officer's determination that the anticipated cost to the Government will be fair and reasonable.

Show other supporting facts, such as why competitive specifications have not been developed or made available, or provide an estimate of the costs that would be incurred or any other data/costs showing harm to the Government if full and open competition were used.

If this is a repetitive procurement, explain actions to be taken or proposed to promote competition for future acquisitions.

If competition is restricted on the basis of unusual and compelling urgency, explain how the Government will be seriously damaged unless the number of sources is limited.

If competition is restricted on the basis of national security, explain how full and open competition would jeopardize national security.

ADDITIONAL APPROVALS		
CONTRACTING OFFICER APP	PROVAL	
(Required for actions over \$	100,000 but not exceeding \$50	00,000)
Contracting Officer	Name	Title
Signature		Date

CONTRACTING ACTIVITY COMPE	TITION ADVOCATE APP	ROVAL	
(Required for actions over \$500,	000 but not over \$10,000,0	000)	
Contracting Activity			
Competition Advocate	Name	Title	
Signature		Date	
HCA OR DEPARTMENTAL COMP	ETITION ADVOCATE APP	PROVAL	
(Required for actions over \$10,0	00,000 but not exceeding	\$50,000,000)	
HCA (GS-16 or above) or			
DOS Competition Advocate	Name	Title	
Signature		Date	
PROCUREMENT EXECUTIVE APP	ROVAL		
(Required for actions exceeding	\$50,000,000)		
Procurement Executive	Name	Title	
Signature		Date	

#### NOTE:

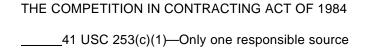
- 1) Each review must be preceded by lower level approval(s), e.g., over \$50 million, all approvals are required. If any approval required is not received, the procurement shall not proceed.
- 2) If competition has been restricted on the basis of national security, prior written approval of INR/IL/CO is required for acquisitions that involve sensitive compartmented information. Approval of DS/CIS/IST is required for all other acquisitions that involve national security information. Contact A/OPE/CA for further instructions.

## PART B, CONTRACTING ACTIVITIES ABROAD

I recommend that Embassy [insert name] use other than full and open competition for the acquisition of [insert description of supplies or services]. The estimated cost is \$[insert amount]. If this acquisition is to be made with only one source or a limited number of sources, negotiations will be conducted with [insert name of proposed source].

CERTIFI	CATION REQUIREMEN	ITS
REQUIREMENTS OFFICE CERTIF	ICATION	
I certify that the attached just necessary to support the recommend		
Requirements Office	Name	Title
Signature		Date
CONTRACTING OFFICER CERTIF	ICATION	
I certify that this submission is necessary to enable other officials disapproval.		•
Contracting Officer	Name	Title
Signature		Date
NATIONAL SECURITY INFORMAT	ION CERTIFICATION*	
I certify that the national securi criteria set forth in Executive Order 1		renced acquisition(s) meet the
Office	Name	Title
Signature		Date
* Only required when the jus DOSAR 606.302-6, National Security		authority of FAR 6.302-6 and

Before requesting this procurement, check one of the statutory authorities for this procurement to be conducted under other than full and open competition procedures. Provide narrative justification associated with the respective stated authority in the space provided.



This authority shall be used in preference to Public Interest. It shall not be used when any one of the other circumstances is applicable. (Explain what makes this contractor the only responsible source, i.e., Does this proposed contractor have facilities or equipment that are specialized and vital to the effort? Is the proposed contractor the only one that can meet critical schedules? Does the proposed contractor have prior experience of a highly specialized nature vital to the effort? Why won't any other product or service satisfy the need? Describe market survey and analysis leading to this conclusion.)

41 USC 253(c)(2)—Unusual and compelling urgency

This authority applies to those situations where (1) an unusual and compelling urgency precludes full and open competition, and (2) delay in award of contract would result in serious injury, financial or other, to the Government. (Explain why the agency's need for the supplies or services is of such an unusual and compelling urgency that the Government would be seriously injured unless it limited the number of sources.) Solicitation from as many potential sources as is practicable under the circumstances is required. This authority is allowed only to fulfill minimum requirements.

\_\_\_\_\_1 USC 253(c)(3)—Industrial mobilization; or experimental, developmental, or research work

This authority applies when it is necessary to award the contract to a particular source or sources in order (1) to maintain a facility, producer, manufacturer, or other supplier available for furnishing supplies or services in case of a national emergency or to achieve industrial mobilization, or (2) to establish or maintain an essential engineering, research, or development capability to be provided by an educational or other nonprofit institution or a federally funded research and development center. (Does the proposed contractor have facilities and equipment that are vital in the event of a national emergency? Is the proposed contract to maintain properly balanced sources of supply for meeting the requirements of acquisition of programs

in the interest of industrial mobilization? Is the proposed contract to create or maintair	ı the
required domestic capability for production of critical supplies by limiting competitio	n to
items manufactured in the United States or the United States and Canada?)	

41 USC 253	(c)(4)—Internationa	l agreement
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This authority may be used when the acquisition is to be reimbursed by a foreign country that requires the product to be obtained from a particular firm as specified in official written direction such as a Letter of Offer and Acceptance; or, when services are to be performed, or supplies are to be used in the sovereign territory of another country and the terms of a treaty or agreement specify or limit the sources to be solicited. (Cite the international agreement or treaty between the U.S. and the foreign government or international organization. Provide the written directions of the foreign government reimbursing the agency for the cost of the acquisition.)

\_\_\_\_\_41 USC 253(c)(5)—Authorized or required by statute

This authority may be used when a statute expressly authorizes that the acquisition be made through another agency or from a specified source. (Cite the authority. Note: While this statutory exception includes the small disadvantaged business 8(a) set-aside program, a JOFOC is not required for this type of procurement.)

\_\_\_\_\_41 USC 253(c)(6)—National security

This authority may be used for any acquisition when disclosure of the Government's needs would compromise national security. It shall not be used merely because the acquisition is classified, or merely because access to classified matter will be necessary to submit a proposal or to perform the contract. (Explain why the disclosure of the Government's needs would compromise the national security or violate security requirements.) Prior written approval of INR/IL/CO is required for acquisitions that involve sensitive compartmented information.

Approval of DS/CIS/IST is required for all other acquisitions that involve national security information. Contact A/OPE CA for additional instruction.

\_\_\_\_\_41 USC 253(c)(7)—Public interest

This authority may be used when none of the other authorities apply. Individual justification, Secretarial approval, and Congressional notification 30 days prior to award of the contract are required.

#### JUSTIFICATION (Attach additional pages if necessary)

The justification must, at a minimum, include the following points (see FAR 6.303-2(a)):

Explain the contractor's unique qualifications or the nature of the acquisition which requires the use of the authority cited.

Describe the efforts made to ensure that offers are solicited from as many potential sources as is practicable (CBD synopsis, etc.) Analyze the results of the market survey and list the sources which expressed an interest in the solicitation.

Include the Contracting Officer's determination that the anticipated cost to the Government will be fair and reasonable.

Show other supporting facts, such as why competitive specifications have not been developed or made available, or provide an estimate of the costs that would be incurred or any other data/costs showing harm to the Government if full and open competition were used.

If this is a repetitive procurement, explain actions to be taken or proposed to promote competition for future acquisitions.

If competition is restricted on the basis of unusual and compelling urgency, explain how the Government will be seriously damaged unless the number of sources is limited. If competition is restricted on the basis of national security, explain how full and open competition would jeopardize national security.

#### **ADDITIONAL APPROVALS**

CONTRACTING OFFICER APP	PROVAL	
(Required for actions over \$	100,000 but not exceeding \$50	00,000)
Contracting Officer	Name	Title
Signature		Date

CONTRACTING ACTIVITY COMPE	TITION ADVOCATE APP	ROVAL
(Required for actions over \$500,0	000 but not over \$10,000,0	000)
Contracting Activity		
Competition Advocate	Name	Title
Signature		Date
DEPARTMENTAL COMPETITION A	DVOCATE APPROVAL	
(Required for actions over \$10,00	00,000 but not exceeding	\$50,000,000)
Principal Officer	Name	Title
Signature		Date
DOS Competition Advocate	Name	Title
Signature		Date
PROCUREMENT EXECUTIVE APP	ROVAL	
(Required for actions exceeding	\$50,000,000)	
Procurement Executive	Name	Title
Signature		Date

#### NOTE:

- 1) Each review must be preceded by lower level approval(s), e.g., over \$50 million, all approvals are required. If any approval required is not received, the procurement shall not proceed.
- 2) If competition has been restricted on the basis of national security, prior written approval of INR/IL/CO is required for acquisitions that involve sensitive compartmented information. Approval of DS/CIS/IST is required for all other acquisitions that involve national security information. Contact A/OPE/CA for further instructions.